ERIC M. LIEBERMAN
RABINOWITZ, BOUDIN, STANDARD,
KRINSKY & LIEBERMAN, P.C.
740 Broadway, Fifth Floor
New York, New York 10003-9518
(212) 254-1111

Kendrick L. Moxon
Laurie J. Bartilson
BOWLES & MOXON
6255 Sunset Blvd., Suite 2000
Hollywood, CA 90028
(213) 661-4030

Attorneys for Plaintiff/Cross-Defendant
CHURCH OF SCIENTOLOGY OF CALIFORNIA
and Cross-Defendant CHURCH OF
SCIENTOLOGY INTERNATIONAL

WILLIAM T. DRESCHER
23679 Calabasas Road, Suite 338
Calabasas, CA 91302
(818) 591-0039

Attorneys for Cross-Defendant
RELIGIOUS TECHNOLOGY CENTER

ORIGINAL FILED
NOV 26 1991
COUNTY CLERK

11-27-91
Ga

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

CHURCH OF SCIENTOLOGY OF CALIFORNIA, a California corporation, Plaintiff, vs. GERALD ARMSTRONG; DOES 1 through DOE 10, inclusive, Defendants.	REPLY IN SUPPORT OF MOTION TO ENFORCE SETTLEMENT AGREEMENT; FOR LIQUIDATED DAMAGES AND TO ENJOIN FUTURE VIOLATIONS **FILED UNDER SEAL**
GERALD ARMSTRONG, Cross-Complainant, vs. CHURCH OF SCIENTOLOGY OF CALIFORNIA, a California corporation; L. RON HUBBARD; and DOES 1 through 100, inclusive, Cross-Defendants.	Date: December 3, 1991 Time: 9:00 a.m. Dept: 56

TABLE OF CONTENTS

PAGES

I. INTRODUCTION 1

II. ARMSTRONG HAS NEITHER ADDRESSED NOR REFUTED THE CLEAR EVIDENCE OF HIS BREACHES PROVIDED BY CROSS-DEFENDANTS 2

III. THE NON-DISCLOSURE PROVISIONS OF THE SETTLEMENT AGREEMENT ARE NOT MUTUAL 3

IV. THE AGREEMENT IS LEGAL AND DOES NOT VIOLATE PUBLIC POLICY 9

V. DAMAGES AND AN INJUNCTION SHOULD BOTH BE GRANTED 14

VI. CONCLUSION 14

TABLE OF AUTHORITIES

CASES PAGES

Addiego v. Hill
(1966) 238 Cal.App.2d 842,
48 Cal.Rptr. 240 6

Adkins v. Lear, Inc.
(1968) 67 Cal.2d 882,
64 Cal. Rptr. 545 5,6

Allen v. Jordanos, Inc.
(1975) 52 Cal.App.3d 160, 125 Cal.Rptr. 31 12

Amen v. Merced County Title
(1962) 58 Cal.2d 528,
25 Cal. Rptr. 65 6

Brown v. Freese
(1938) 28 Cal.App.2d 608, 83 P.2d 82 12

California Lettuce Growers v. Union Sugar Co
(1955) 45 Cal.2d 474, 289 P.2d 785 6

Hoffman v. United Telecommunications, Inc.
(D.Kan. 1988) 687 F.Supp. 1512 13

McLean v. Church of Scientology of California
(11th Cir. 1991) (Slip Op.) 14

Mercer v. Lemmens
(1964) 230 Cal.App.2d 167, 40 Cal.Rptr. 803 6

Phelps v. Kozakar
(1983) 146 Cal.App.3d 1078, 194 Cal.Rptr. 872 13

Wal-Noon Corp. v. Hill
(1975) 45 Cal.App.3d 605, 119 Cal.Rptr. 646 6,7

Wakefield v. Church of Scientology of California
(11th Cir. 1991) 938 F.2d 1226 14

Williamson v. Superior Court
(1978) 21 Cal.3d 829, 148 Cal.Rptr. 39 11

I. INTRODUCTION

Plaintiff and cross-defendant Church of Scientology of California ("CSC") and cross-defendants Religious Technology Center ("RTC") and Church of Scientology International ("CSI") (collectively, "cross-defendants") file their reply to cross-complainant Gerald Armstrong's ("Armstrong") opposition to the motion to enforce the settlement agreement and for damages and injunction.[1] The key featre of the paper filed by Armstrong is that it is quite strange, and hardly an opposition at all, for two reasons: 1) Armstrong does not refute a single fact set forth in the motion, i.e., he does not deny that he has committed the multiple breaches which provoked the filing of the motion, and 2) Armstrong also does not deny that his activities violate the specific provisions of the settlement agreement cited in the moving papers.

---

[1] It should be noted that timely service of the opposition was not received. Cross-defendants have never agreed to fax service, yet Armstrong only attempted to serve his opposition by fax late on November 18, 1991, and did not succeed in effecting a full transmission. The last ten pages of the memorandum were not received, nor the first four pages of Armstrong's lengthy declaration. The exhibits were also not received. In addition, counsel noted on the opposition is Toby Plevin, who has never entered an appearance on behalf of Armstrong. Ms. Plevin's office is in Santa Monica, yet the fax was sent from the offices of Ford Greene in San Anselmo, California, and another copy was delivered on the 19th from the offices of Cummins & White in Los Angeles. It is not at all clear who represents Armstrong. Furthermore, the papers should have been hand served on November 18. And finally, the papers are typed at 1.5 spaces, which is disfavored by L.A. Superior Court, Law and Policy Discovery Manual, para. 119. With the lengthy, single-spaced block quotes as well, this really is an oversized brief.

Instead of denying his breaches, Armstrong seeks to draw the Court's attention away from those breaches by concocting a defense by maintaining that he was somehow justified in his actions because, he claims, the Church parties have also breached their obligations under the agreement and one provision of the agreement supposedly violates public policy. To support his position, he seeks for the Court to "imply" such a non-disclosure term in the agreement because none explicitly exists. As shown below, Armstrong's argument must fail because the Church parties did not have any non-disclosure obligations such as Armstrong claims they did. In addition, the public policy arguments by Armstrong have been rejected by other courts and are simply invalid. And finally, "the language of a contract is to govern its interpretation, if the language is clear and explicit, and does not involve an absurdity." Civil Code § 1638. "The words of a contract are to be understood in their ordinary and popular sense . . ." and meanings which do not appear are not to be implied. Civil Code § 1644.

There is nothing wrong with the agreement at all. It is legal, enforceable, and imposes no reciprocal confidentiality requirements on cross-defendants. The only problem is that it has been breached by Armstrong. He should be sanctioned and damages awarded for his breaches.

II.

ARMSTRONG HAS NEITHER ADDRESSED NOR REFUTED THE CLEAR EVIDENCE OF HIS BREACHES PROVIDED BY CROSS-DEFENDANTS

In the motion, cross-defendants provided evidence that Armstrong had violated paragraphs 10 and 7(G) of the settlement

agreement by:

1) Providing aid to Richard and Vicki Aznaran ("Aznarans") in their lawsuit against cross-defendants and others, via employment as a paralegal by Joseph Yanny working on that case;

2) Aiding Yanny in litigation against counter-defendants by voluntarily filing declarations in his support; and

3) Helping Ford Greene, the Aznarans' current lawyer, as a paralegal on the Aznaran case, and by voluntarily providing declarations for filing by Greene in the case.

Not one word of Armstrong's opposition is devoted to challenging these proven accusations. This is not surprising, as the motion demonstrates that it is Armstrong's own admissions that are the basis for the allegations. Furthermore, Armstrong also does not deny that these actions are violations of the specific settlement agreement provisions whose enforcement is sought in the motion.

III.

THE NON-DISCLOSURE PROVISIONS OF THE SETTLEMENT AGREEMENT ARE NOT MUTUAL

There is simply no basis for any argument that the confidentiality provisions of the settlement agreement were mutual. As discussed by Armstrong, the settlement agreement was a settlement of Armstrong's cross-complaint only. (Opposition at 1.) In paragraph 1 of the agreement, it states that the agreement is between CSI on one side "and Gerald Armstrong (hereinafter "Plaintiff"), Cross-Complainant . . ." on the other. Thus, throughout the agreement, all references to "Plaintiff" are to Armstrong. Paragraph 7D provides:

> Plaintiff further agrees that he will maintain strict confidentiality and silence with respect to his experiences with the Church of Scientology, L. Ron Hubbard or any of the organizations, individuals and entities listed in Paragraph 1 above. Plaintiff further agrees that he will maintain strict confidentiality and silence with respect to his experiences with the Church of Scientology and any knowledge or information he may have concerning the Church of Scientology, L. Ron Hubbard, or any of the organizations, individuals and entities listed in Paragraph 1 above. Plaintiff expressly understands that the non-disclosure provisions of this subparagraph shall apply, inter alia, but not be limited, to the contents or substance of his complaint on file in the action referred to in Paragraph 1 hereinabove or any documents as defined in Appendix "A" to this Agreement, including but not limited to any tapes, films, photographs, recastings, variations or copies of any such materials which concern or relate to the religion of Scientology, L. Ron Hubbard, or any of the organizations, individuals, or entities listed in Paragraph 1 above.

(Ex. A to Motion, at 7D.) There can be no possible doubt that all of the obligations set forth in the section quoted from paragraph 7D delineate obligations of Armstrong only. Armstrong argues that "while the language of paragraphs 7 and 10 used the word 'Plaintiff,' it is apparent that the provisions set forth therein also applied to 'Scientology,' but that the parties saw no necessity to expressly state such application of said provisions."

This contention is without any support in the agreement, is contrary to logic, and utterly nonsensical.[2] It is

---

[2] That Armstrong is willing to take unsupported and outrageous positions, and even to lie when it suits his purposes, is made clera by his own declaration in support of his opposition. The declration contains an outright admission that he committed perjury when he signed an affidavit along with the settlement agreement, as he did not believe what it said, but simply signed it for the expediency of settling his case. (Armstrong Declaration, para. 12.) Armstrong is therefore a self-proclaimed perjurer and his current declaration should be disregarded by the (continued...)

inconceivable that the Church parties would agree not to discuss materials related to the Scientology religion, L. Ron Hubbard or themselves. With respect to paragraph 10, it is also beyond belief that Armstrong could contend that the Church parties intended to agree not to aid anyone in litigation against themselves.

Armstrong obviously recognizes that the language of these paragraphs refers to him only, or he would not have resorted to arguments that "implied terms" are to be included as part of a contract in order to turn actions which in no way violated the agreement into breaches thereof. Terms that are not specifically set forth in an agreement may be implied:

> where it is indispensable to effectuate the intention of the parties, where it is clear from the language used that the provision was so clearly within their contemplation that the parties deemed it unnecessary to express it . . . and where the subject is not completely covered by the contract.

Adkins v. Lear, Inc. (1968) 67 Cal.2d 882, 905, 64 Cal. Rptr. 545, 559.

Far from supporting Armstrong's position, these factors etched in stone the reasons why no additional terms can be implied here. The intention of the parties is clearly expressed throughout the agreement by providing specific obligations of each party. [Mutual Release of All Claims and Settlement Agreement, Ex. A to Motion, at paras. 4a, 4b, 5, 6, 9.] It needs no clarification or implied terms for the intention to be effectuated. There is literally nothing in the language used in

---

[2](...continued)
Court.

the agreement which gives any impression that a confidentiality obligation on the part of cross-defendants was "so clearly contemplated by the parties that they did not need to express it" or even contemplated at all. Furthermore, the subject matter was fully covered by the agreement. In contrast, in the Adkins case, the court was discussing provisions of a patent licensing agreement and found that certain provisions made no sense if other provisions were not implied, such as a right to cancel defendant's use of plaintiff's patent if the minimum royalty were not paid, but not if much more substantially earned royalties were withheld. Id.

Other criteria set forth by Courts of Appeal are no more helpful to Armstrong than those listed in Adkins.[3] "Implied covenants can only be justified on grounds of legal necessity." Addiego v. Hill (1966) 238 Cal.App.2d 842, 48 Cal.Rptr. 240, 243. No such necessity exists here. In Addiego, the court expressly recognized that the power of courts to imply terms in agreements was subject to strict limitations:

> We recognize that courts cannot make better agreements for parties than they themselves have been satisfied to enter into or rewrite contracts because they operate harshly or inequitably. It is not enough to say that without the proposed implied covenant, the

---

[3] The other citations by Armstrong to support the points he purports to make here are cited entirely out of context or simply do not stand for what he claims. E.g., Amen v. Merced County Title (1962) 58 Cal.2d 528, 532, 25 Cal. Rptr. 65, 67 (case dealt with whether statute of limitations for written or oral contracts applied); California Lettuce Growers v. Union Sugar Co. (1955) 45 Cal.2d 474, 289 P.2d 785, 790-792 (court was determining whether a price term could be implied based on custom and usage); Mercer v. Lemmens (1964) 230 Cal.App.2d 167, 171, 40 Cal.Rptr. 803, 805 (language referring to "adjoining" 50 foot lot implied a particular lot because there was no other such lot owned by the seller).

> contract would be improvident or unwise or would operate unjustly. Parties have the right to make such agreements. The law refuses to read into contracts anything by way of implication except upon grounds of obvious necessity.

(Emphasis added.)

There is no necessity whatsoever in this case to read anything into the settlement agreement. Paragraph 3 of the settlement agreement recites that Armstrong received a monetary consideration with which he was "completely satisfied." (Ex. A to Motion, para. 3.) For his part, Armstrong released cross-defendants and certain others from any and all claims, and also dismissed the pending lawsuit. (Id., para. 4.) Armstrong also acknowledged, in succeeding paragraphs of the agreement, as referenced above, other obligations of confidentiality, return of documents, non-assistance of parties adverse to cross-defendants and similar provisions. He further acknowledged that he had entered into the Agreement "freely, voluntarily, knowingly and willingly, without any threats, intimidation or pressure of any kind whatsoever . . ." (Id., para. 11B), as well as the fact that he had read the agreement and understood its contents. (Id., para. 11C.) In such a situation,

> There cannot be a valid, express contract and an implied contract, each embracing the same subject matter, existing at the same time. . . . The reason for the rule is simply that where the parties have freely, fairly and voluntarily bargained for certain benefits in exchange for undertaking certain obligations, it would be inequitable to imply a different liability and to withdraw from one party benefits for which he has bargained and to which he is entitled.

Wal-Noon Corp. v. Hill (1975) 45 Cal.App.3d 605, 613, 119 Cal. Rptr. 646, 650-651. Therefore, because the conclusions urged by

Armstrong may not be reached by the court without implying a different liability than that bargained for, the court may not reach such conclusions.

The contention by Armstrong that confidentiality must be a reciprocal obligation of both parties has no basis in practice or in law. There is no requirement that contractual obligations be symmetrical. If someone contracts to have a house built by a contractor, he is not required to build the contractor a house in return. The consideration is his payment of money to the contractor. If someone agrees to maintain confidential the trade secrets of his employer, the consideration may be his continued employment and receipt of salary, and it may also be that he will not have to pay damages for breach of the promise as long as he maintains the promise. A term cannot be read into the contract by which the employer agrees to keep information about the employee confidential merely because he is required to keep confidences about the employer.

Applying this principle here, Armstrong was paid substantial financial consideration for entering into the agreement. That was the consideration furnished to him. His return consideration was the various promises he made in the agreement. No mutuality of identical obligations can possibly be implied as it is not required, nor is it logical. As there were no mutual obligations, the rest of Armstrong's arguments directed to claimed breaches of illusory reciprocal obligations by cross-defendants are entirely irrelevant. Because cross-defendants had no duty to maintain confidentiality of anything, they could not have breached that duty by any actions which they

allegedly took.

IV.

THE AGREEMENT IS LEGAL AND DOES NOT VIOLATE PUBLIC POLICY

In a final, desperate attempt to excuse his actions, Armstrong argues that one portion of the agreement violates public policy.[4] However, Armstrong's public policy arguments have been rejected by other courts and for good reason. There is absolutely nothing illegal about agreeing to settle a case upon certain terms, including non-disclosure of private facts, and then accepting money as consideration for those promises.

Contrary to the representations by Armstrong, he made no agreement to suppress evidence. The agreement specifically made him subject to all lawful process and in no way prohibited him from providing testimony if subpoenaed or otherwise lawfully commanded to appear. Armstrong himself admits this to be so. (Opposition at 3.)

Armstrong settled hotly contested litigation, in which he had been represented by counsel, freely and voluntarily and with full representation as to the settlement as well, for substantial monetary consideration. He admits to being fully represented in his declaration; indeed, paragraph 7 details his engagement of Michael Flynn to represent him in 1982, and paragraphs 13-17 detail Armstrong's communications with his attorney, his reaction to his attorney's advice, and his

---

[4] As discussed herein, there is no validity to Armstrong's arguments regarding the non-disclosure provision. However, even if there were such a provision, the severability clause, paragraph 16 of the agreement, would still render all the remaining sections, including the requirement of not aiding adverse litigants, enforceable.

decision to sign the settlement agreement. Armstrong was not counseled regarding the settlement by cross-defendants or their attorneys, but by his own attorney.[5] (Ex. A, Declaration of Lawrence E. Heller, para. 4.)

At the signing of the agreement, both Armstrong and his counsel clearly understood the terms of the agreement. (Id., para. 5.) A key point regarding the content of the agreement is that the failure to have reciprocal confidentiality and non-disclosure agreements with Armstrong was intentional, and he and his attorney were aware of this fact. Armstrong, to a high degree, had engaged in attacks on the Scientology religion and furnished aid to litigants in other matters against Scientology parties. Cross-defendants could never be certain where one of his prior declarations or statements might surface and they would need to be able to counter it. Therefore, there was no possible way they would have agreed to a non-disclosure provision binding them, and this fact was well-known to Armstrong and counsel. (Ex. A, Declaration of Lawrence E. Heller, para. 5.) The fact that this concern was quite real is evidenced by Armstrong's opposition. Each of the instances where Armstrong claims that information about him was disseminated to others was a situation in which harangues by him against the cross-defendants or other Scientology churches were

---

[5] If Armstrong believed that his attorney advised him poorly, he may have had a remedy against his attorney, but not against cross-defendants who have provided him with the benefit of the bargain which he did make. He accepted the consideration and freely used it, and cannot now complain five years later that he really did not agree with the terms of what he signed.

being used somewhere, and it was necessary for correct information to be provided in order to present a true picture. To do so was entirely in keeping with the intent of the parties in the settlement to put an end to all past conflicts and get on with life. If these attacks by Armstrong could continually resurface to prevent that from occurring, this intent could never come to fruition. (Ex. A, Declaration of Lawrence E. Heller, para. 6.)

A videotape was made of the signing by Armstrong, which shows that Armstrong was obviously relaxed and happy and joking about his unusual signature. He manifested no reservations about the signing, and in questioning by cross-defendants' attorney, he acknowledged that: 1) his attorney had explained the legal and factual ramifications of the documents to him; 2) he understood what he was signing and had no questions about it; 3) he knew it was a settlement of litigation with all of his attorneys' clients involved in similar litigation at the same time; 4) he had read and comprehensively reviewed the documents; and 5) he was not suffering any duress or coercion in connection with signing them. A copy of the videotape is attached as Exhibit B, in case the court would like to staisfy itself that there was no coercion involved.

Armstrong's citations which claim that such settlement provisions are contrary to public policy are misrepresentations of that case law. Williamson v. Superior Court (1978) 21 Cal.3d 829, 836, 148 Cal.Rptr. 39, 43-44, dealt with a situation where a party got a co-defendant to withhold damaging testimony of its expert by indemnifying the co-defendant for any judgment it

might incur. This agreement between two adversarial co-defendants to suppress specific evidence known to be relevant to the case in order to prevent the plaintiff from recovering was found by the court to violate public policy. Id. at 837, 148 Cal.Rptr. at 44. The court referred to the sections of the penal code which deal with bribing or preventing someone from attending a trial to place their actions in perspective. Id. fn.3.

In Allen v. Jordanos, Inc. (1975) 52 Cal.App.3d 160, 165, 125 Cal.Rptr. 31, 34, the court found an agreement illegal which called for withholding of information from a government agency.[6] There is nothing in Armstrong's agreement which requires such withholding of information.[7] In fact, lawful process is a specific exception to non-disclosure requirements. What is prohibited is volunteering of information and agitating trouble, not providing information where it is legally required.

---

[6]In Allen, a major term of the agreement in question involved the employer agreeing not to provide truthful information that the employee was being terminated for theft and dishonesty to enable the employee to collect unemployment benefits to which he would not otherwise be entitled, in exchange for the employee's agreement not to seek arbitration of the charges. Allen v. Jordanos, Inc. 52 Cal.App.3d at 165, 125 Cal.Rptr. at 33.

[7] The argument that agreements not to disclose discreditable facts are illegal is not helpful to the Court. First of all, Armstrong's agreement has no such language, and he is not prevented from providing testimony, whether discreditable or otherwise. Second, while Brown v. Freese (1938) 28 Cal.App.2d 608, 618, 83 P.2d 82, 87, does quote language stating that "a bargain that has for its consideration the nondisclosure of discreditable facts . . . is illegal," the statement does not even to rise to the level of dicta. The court continues on to state that it is treating the contract in question as legal, and then proceeds to find it unenforceable because it contains terms which are vague and uncertain. Id. Such a weak statement from a 1938 case cannot be deemed precedent.

In the cases cited by Armstrong, there was specific evidence needed in connection with a trial or a government investigation of entitlement to benefits which someone had agreed not to divulge under any circumstances. Such agreements were found by those courts to be illegal. In contrast, the agreement here specifically recognizes that Armstrong will provide evidence when called upon to do so by legal process in connection with any matter. Such agreements have been upheld by courts as legal, where a party agreed not to voluntarily testify, but testimony pursuant to subpoena was specifically excepted from the agreement. Hoffman v. United Telecommunications, Inc. (D.Kan. 1988) 687 F.Supp. 1512. Even prior to signing the agreement, Armstrong was not required to voluntarily furnish testimony for anyone. Furthermore, there is no claim by Armstrong that particular information he had was suppressed as evidence for some specific proceeding. There is simply no similarity between Armstrong's situation and the very specific cases he cites. The agreement into which Armstrong entered is not illegal, not contrary to public policy, and is enforceable, pursuant to the public policy to encourage settlements. Phelps v. Kozakar (1983) 146 Cal.App.3d 1078,1082, 194 Cal. Rptr. 872, 874.

As briefed in the motion, two recent decisions have either directly or implicitly upheld similar provisions in agreements entered into with other individuals with whom CSC and other Church corporations settled in 1986 in a different settlement from the one in which Armstrong was involved. Wakefield v. Church of Scientology of California (11th Cir. 1991) 938 F.2d

1226 (Slip Op., Ex. R to Motion, at 4626, 4628, 4630) (settlement terms requiring confidentiality upheld by district court and criminal contempt citation recommended by magistrate judge for violations thereof discussed with approval by 11th Circuit); McLean v. Church of Scientology of California (11th Cir. 1991) (Slip Op., Ex. S to Motion, at 2, 3, 6) (permanent injunction against Nan McLean by district court for violating, inter alia, confidentiality provisions of settlement agreement upheld by Court of Appeals). These cases provide strong support for the proposition that the agreement should be enforced.

V.

DAMAGES AND AN INJUNCTION SHOULD BOTH BE GRANTED

As amply proven above, cross-defendants have not breached any term of the settlement agreement. It is Armstrong whose aid to other litigants against cross-defendants has directly and specifically violated terms binding him which he entered into of his own free will, with advice of counsel, and from which he reaped the abundant consideration provided by cross-defendants. None of Armstrong's attempts to divert the Court's attention from these simple facts should be countenanced. As discussed in the motion, liquidated damages are properly payable by Armstrong for the breaches which have already occurred, and an injunction is proper to prevent further breaches in the future.

VI.

CONCLUSION

Armstrong's settlement agreement is valid, binding, legal, and in conformity with public policy. By his own admissions, Armstrong has committed direct violations of the terms which he

claimed to understand and willingly endorse when he signed the agreement. There is no provision of contract law which nullifies any of Armstrong's obligations or permits him to unilaterally revise an agreement, having accepted the benefits on his side. The court is not empowered to add terms to an agreement that were not intended by the parties. Armstrong has no way to escape being sanctioned for his violations. The liquidated damages sought should be awarded and preliminary and permanent injunctions imposed preventing further such violations in the future.

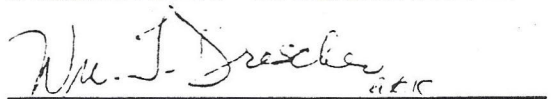
Dated: November 22, 1991

Respectfully submitted,

Eric M. Lieberman
RABINOWITZ, BOUDIN, STANDARD, KRINSKY & LIEBERMAN, P.C.

Kendrick L. Moxon
Laurie J. Bartilson
BOWLES & MOXON

Attorneys for Plaintiff/ Cross-Defendant CHURCH OF SCIENTOLOGY OF CALIFORNIA and Cross-Defendant CHURCH OF SCIENTOLOGY INTERNATIONAL



WILLIAM T. DRESCHER

Attorney for Cross-Defendant RELIGIOUS TECHNOLOGY CENTER

Exhibit A

Exhibit A

DECLARATION OF LAWRENCE E. HELLER

I, Lawrence E. Heller, hereby declare:

1. I am an attorney at law duly licensed to practice before the courts of the State of California. I am a principal in the law firm of Turner, Gerstenfeld, Wilk, Tigerman & Heller. All of the following facts are within my personal knowledge and I am available and competent to personally testify thereto if called upon to do so.

2. I was personally involved in the December 1986 settlements which are referred to in the papers filed in connection with the motion to enforce settlement agreement in the case of Church of Scientology v. Armstrong, Case No. C 420 153, L.A.S.C. The settlements concerned well over a dozen plaintiffs and several Church of Scientology entities, as well as other third parties sued as defendants. The settlement negotiations involved in settling those cases took place over several months, culminating in a multi-week session in a hotel in the city of Los Angeles where most of the lawyers (and some of the parties) involved in the litigation met extensively.

3. One of the individuals whose cross-complaint was settled during these negotiations was Gerald Armstrong. He had originally been sued by Church of Scientology of California ("CSC"), and that suit was on appeal and was not being settled. Only Armstrong's cross-complaint was involved in the settlement.

4. On December 6, 1986, I met with Armstrong and his attorney, Michael Flynn, to obtain signatures on the settlement agreement and related documents. At this meeting, as in any prior negotiations, Armstrong was represented by Mr.

Flynn and was not counseled regarding the settlement by cross-defendants or their attorneys.

5. At the signing of the agreement, I had a videotape done to memorialize what was occurring. I also asked Armstrong specific questions regarding his understanding of the settlement and of the conditions under which he was signing the agreement. The videotape, which is attached hereto as Exhibit B, is a true depiction of what occurred. Armstrong was relaxed and happy and joked about his unusual signature. He manifested no reservations about the signing whatsoever. He also acknowledged that: 1) his attorney had explained the legal and factual ramifications of the documents to him; 2) he understood what he was signing and had no questions about it; 3) he knew it was a settlement of litigation with all of his attorneys' clients involved in similar litigation at the same time; 4) he had read and comprehensively reviewed the documents; and 5) he was not suffering any duress or coercion in connection with signing them.

6. During the negotiations there was discussion of non-disclosure provisions on the part of both sides. It was explained to Armstrong's counsel that the terms could not include a non-disclosure provision by the Church parties as to Armstrong. The reason for this provision not being possible was that Armstrong would walk away from the settlement with the money he received and not have any future problems, but the Church parties would still be left with the prior declarations and other statements provided by Armstrong to

parties hostile to the Church. There was no way to know when and where his prior statements might surface in the future. The Church parties therefore needed to be able to use the information they had regarding Armstrong, to be able to rebut Armstrong's earlier statements. For that reason, no non-disclosure obligation of the Church parties with respect to Armstrong was included in the agreement.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Beverly Hills, California, this 22nd day of November 1991.

Lawrence E. Heller

Exhibit B

ERIC M. LIEBERMAN
RABINOWITZ, BOUDIN, STANDARD,
KRINSKY & LIEBERMAN, P.C.
740 Broadway, Fifth Floor
New York, New York 10003-9518
(212) 254-1111

Kendrick L. Moxon
Laurie J. Bartilson
BOWLES & MOXON
6255 Sunset Blvd., Suite 2000
Hollywood, CA 90028
(213) 661-4030

Attorneys for Plaintiff/Cross-Defendant
CHURCH OF SCIENTOLOGY OF CALIFORNIA
and Cross-Defendant CHURCH OF
SCIENTOLOGY INTERNATIONAL

WILLIAM T. DRESCHER
23679 Calabasas Road, Suite 338
Calabasas, CA 91302
(818) 591-0039

Attorneys for Cross-defendant
RELIGIOUS TECHNOLOGY CENTER

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

CHURCH OF SCIENTOLOGY OF CALIFORNIA, a California corporation, Plaintiff, vs. GERALD ARMSTRONG; DOE 1 through DOE 10, inclusive, Defendants.	CASE NO. C 420 153 EXHIBIT B IN SUPPORT OF REPLY IN SUPPORT OF MOTION TO ENFORCE SETTLEMENT; FOR LIQUIDATED DAMAGES; AND TO ENJOIN FUTURE VIOLATIONS **FILE UNDER SEAL**
GERALD ARMSTRONG, Cross-Complainant, vs. CHURCH OF SCIENTOLOGY OF CALIFORNIA, a California corporation; L. RON HUBBARD; and DOES 1 through 100, inclusive, Cross-Defendants.	Date: December 3, 1991 Time: 9:00 A.M. Dept: 56

TAPE WAS ENCLOSED IN SERVICE COPY SENT TO HUBB LAW OFFICES